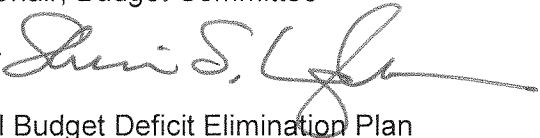




**CITY OF SAN DIEGO
COUNCILMEMBER SHERRI S. LIGHTNER
DISTRICT ONE**

MEMORANDUM

DATE: January 25, 2010 DTID: SL1001-011
TO: Councilmember Anthony Young, Chair, Budget Committee
FROM: Councilmember Sherri S. Lightner 
SUBJECT: Recommendations for a Structural Budget Deficit Elimination Plan

I fully support the creation of a Structural Budget Deficit Elimination Plan to guide our City in its return to fiscal sustainability. I appreciate your request for input on this Plan.

In creating a Structural Budget Deficit Elimination Plan, it is imperative that we:

- Establish in the Plan an aggressive timeline and milestones for action to address the structural deficit.
- Obtain input on the Plan from a wide variety of sources, such as individual citizens, community groups, policy and advocacy organizations, financial experts, the Citizen's Survey, and the Citizens Revenue Review and Economic Competitiveness Commission. The Plan itself should also include a method for obtaining input from these groups on a regular basis until the structural budget deficit is eliminated.

Ideas for components of our Structural Budget Deficit Elimination Plan include:

- Standardize contracts and performance measures to increase accountability and prevent cost overruns.
- Identify and implement full cost recovery measures for all appropriate City services (for example, false fire and police alarms and business tax collection).
- Standardize cost/benefit analysis and find ways to incorporate it into our budgeting process.

- Streamline and expand our use of citywide volunteers. We are missing opportunities to utilize volunteers to the greatest extent possible. Review Council Policy 300-01: "Utilization of Volunteers." Ask departments to analyze their use of volunteers and report on overlooked opportunities. Work with city employees, administration, citizens, and labor organizations to find new opportunities, such as in the Neighborhood Code Compliance Department, our libraries, the Police Department and the Fire-Rescue Department.
- Review and improve collection and use of donations. Review Council Policy 100-02: "City Receipt of Donations." Ask departments to identify opportunities for private donations and public recognition. Create opportunities for matching funds in areas such as Parks & Recreation and libraries.

Existing ideas that require action and can be part of our Structural Budget Deficit Elimination Plan include:

- Use as guiding principles the suggestions in the IBA Report No. 10-01 "Developing a Structural Budget Deficit Elimination Plan" (Attachment 1).
- Enact Structural Reforms 18 – 24 from IBA Report No. 09-90, approved by Council on December 9, 2009, including completing managed competition negotiations, instructing the IBA to work with the City Attorney to evaluate pension and retiree health care matters, and asking the COO to provide a date for completion and presentation to City Council on the DROP neutrality study (Attachment 2).
- Enact the 31 fiscal reforms approved by Council on June 8, 2009 that have not yet been completed (Attachment 3).

If you have any questions, please contact my office at (619) 236-6611.

SL:jm

cc: Honorable Councilmembers
Honorable Mayor Jerry Sanders
Jan Goldsmith, City Attorney
Andrea Tevlin, Independent Budget Analyst
Jay Goldstone, Chief Operating Officer
Mary Lewis, Chief Financial Officer
Breanna Zwart, Budget & Finance Committee Consultant

Suggested Guiding Principles from IBA Report No. 10-01 “Developing a Structural Budget Deficit Elimination Plan”

1. Eliminate the General Fund structural budget deficit through a balanced approach of ongoing expenditure reductions and revenue generation, including identifying new revenue sources.
2. Maintain General Fund Reserve levels at no less than 7% of the City's General Fund.
3. Actively pursue alternative service delivery methods, efficiency improvements and elimination of service duplications.
4. Prepare a Five-Year Outlook that is structurally balanced each year of the Outlook.
5. One-time resources should be matched to one-time expenditures.
6. Achieve 100% cost recovery for programs and services that are intended to be fully cost recoverable through fees.
7. Reduce pension and retiree health care liability and annual City costs through the meet and confer process.
8. New facilities or programs should only be considered if there is no new impact on the City's General Fund.
9. Prioritize City services expenditures based on results of Citizen Survey, benchmarking studies and departmental goals and performance data.
10. Maintain funding of full annual contributions for pension obligations and begin to fund full annual contributions for retiree health care obligations.
11. Adequately fund deferred infrastructure and maintenance needs annually to ensure that the problem is not growing, and to reduce the potential of increased costs.

Attachment 2

Structural Reforms from IBA Report No. 09-90, "IBA Review of the Mayor's Proposed FY2010/2011 Budget Solutions"

18. Chief Operating Officer provides date for completion and presentation to City Council on the DROP neutrality study;
19. Mayor provides report to City Council on the work and timeline of the Mayor's Retiree Health Care Study Group which has been meeting since September;
20. The IBA is working with the City Attorney's office to evaluate issues related to pension and retiree health care matters;
21. Complete managed competition negotiations;
22. Mayor explore opportunities for implementing 4/10/5 work schedule in other work areas in light of the significant efficiencies demonstrated by the Environmental Services;
23. Mayor initiates cost of service study for storm water operations and/or refuse collection to prepare for a future fee;
24. IBA review and update the Council-Approved Fiscal Reforms Matrix approved during FY 2010 budget process and present to the Budget and Finance Committee.

Attachment 3

Fiscal Reforms Adopted by City Council on June 8, 2009 (R-304958)

1. Work with the City Council to establish a Citizens Revenue Review and Economic Competitiveness Commission.
2. Complete and implement all Business Process Reengineering studies.
3. Complete comprehensive review of all existing funds including their legal bases, current and planned uses and fund balances.
4. Review with the City Council any reassessments under consideration for City's reserve goals for the following funds: Public Liability, Worker's Compensation, and General Fund.
5. Complete and bring forward to Council the results of the Development Services Department fee study and recommendations.
6. Implement reforms to strengthen oversight of independent agencies including SEDC, CCDC and SDDPC.
7. Address fiscal structural problems of the Refuse Disposal and Recycling Funds.
8. Consider implementation of a zero-based budget approach for equipment outlay requests and an expenditure cap for consultant contracts.
9. Report results of all deferred maintenance assessments to Council upon their completion. Determine causes for delays in completion of deferred maintenance/capital projects and develop recommendations for improvements.
10. Develop and adopt a "Budget Policy" to provide agreed upon principles and best practices for annual budget monitoring and development.
11. Develop recommendations for achieving cost recovery for professional sports teams and others who utilize Petco Park and Qualcomm Stadium.
12. Complete processes necessary to allow managed competition decisions to move forward.
13. Work with the Council to undertake a Community Attitude Survey to gather scientifically random data on citizen prioritization and satisfaction of City services.
14. Present the results of Real Estate Assets' Portfolio Management Plan to Committee and Council.
15. Explore ways to expand commercial marketing and increase City resources using City facilities, vehicles, and publications.
16. Request the IBA and Mayor's Office provide cost information on completed FY 2009 ADA projects. Based on information provided, consider reducing FY 2010 funding for ADA projects consistent with FY 2009 total project costs.
17. Undertake study to determine cost neutrality of DROP as required by the Municipal Code.
18. Identify the status and uses of a 2006 \$2.2 million Energy Efficiency Loan and identify any other outstanding grants or loans awarded to the City but not utilized.
19. Review and recommend scheduling reforms for trash pick-up and collections by the Environmental Services Department.
20. Request the City Auditor to conduct a Revenue Audit of all City revenue sources.
21. Request the Mayor and City Auditor to study transferring the Revenue Audit and Appeals Division of the City Treasurer's Office to the Office of the City Auditor, and undertake a performance audit of the tax audit function.
22. Explore the feasibility of establishing a Retired Senior Volunteer Program (RSVP) for the Library Department.
23. Identify plan for financing of Public Safety facilities.
24. Provide updates on the use of Outside Counsel.
25. Develop plan for Redevelopment Agency loan repayment to City, including terms of the agreement and impacts to the project area budgets, in accordance with HUD audit.
26. Develop plan for QUALCOMM Stadium to become financially self-sufficient.
27. Comprehensively address the issue of homelessness, and explore development of permanent homeless shelter.
28. Consider alternatives to Library Ordinance, which requires 6% of General Fund budget be allocated to library uses.
29. Develop a long-term strategic plan for the Environmental Growth Fund.
30. Explore the issue of Workers Compensation reform including a presentation on current and future programs to address this significant liability.
31. Track Assembly Bill 32, Greenhouse Gas Emission Reduction.



CITY OF SAN DIEGO
COUNCILMEMBER SHERRI S. LIGHTNER
DISTRICT ONE

MEMORANDUM

DATE: December 8, 2009
TO: Councilmember Anthony Young, District 4
FROM: Councilmember Sherri S. Lightner, District 1
SUBJECT: FY2011 Budget and FY2010 Budget Amendments

A handwritten signature in black ink, appearing to read "Sherri S. Lightner", written over the "FROM:" line of the memorandum.

The City's budget over the next 18 months must maintain core public safety and neighborhood services while eliminating costs, increasing cost-recovery, and empowering citizens. My constituents have spoken with a clear voice through the San Diego Speaks meeting series, at our District One town hall budget meeting, in emails, calls, and conversations in the community. Our residents have all felt the impact of previous cuts to services during the last several years. **We must focus on preventing further cuts to public safety and neighborhood services. Where cuts have been made as a last resort, we must work to find ways to restore those services as quickly as possible.**

Focus on Restoring Essential Services

The following reductions in services, which have been proposed by the Mayor, are particularly painful for the residents of District One. These cuts must only be made as a last resort. If the reductions are made, the City must go to great lengths to quickly reinstate the services. Where possible, I have included suggestions for potential approaches.

Fire-Rescue: In District One, rolling "brownouts" are proposed that would affect Station 35 and Station 40. Station 35 responds to 3,580 annual incidents, one of the busiest in the City. The City must begin discussions with University of California, San Diego (UCSD) about contributing part or all of the approximately \$1.4 million needed to reinstate full service at Station 35, which protects the UCSD campus and a large number of San Diego's high tech and biotech companies.

Lifeguard Services: It has been proposed that lifeguard services at Torrey Pines Beach be eliminated during non-peak months and reduced during the summer. The remote nature of this beach makes lifesaving activities here essential. At the same time, this beach has a history of illegal and illicit activity, which makes enforcement activity a necessity.

At Torrey Pines Beach, the City owns two parcels totaling 500 yards on a beach that is 3.25 miles long, and yet in the past the City has provided lifeguard protection to the entire beach at no cost to the State, which has jurisdiction over the remainder of the beach. The City must begin discussions with the State on an agreement to provide mutual aid or cost recovery for lifeguard service along the State's portions of the beach. In the meantime, SDPD or Park & Recreation Rangers should be enlisted to regularly patrol this beach.

Another proposal is to cut the senior/lead lifeguard position for Windansea beach. Although hourly lifeguards will still patrol this beach, they generally do not participate in law enforcement activity. Illegal use of alcohol, especially by minors, along with dangerous surf conditions and the high volume of users all create challenges at this beach. A regular patrol by SDPD or Park & Recreation Rangers could mitigate some of the danger if it is not possible to retain the senior/lead lifeguard position.

Lifeguard Services is currently pursuing sponsorships for vehicles, which would come at an estimated savings to the department of \$400,000 per year. Any resulting savings from vehicle sponsorships, or any other revenue generating activities, should be returned to this department to restore any services cut during this budget process.

Library: None of the proposed cuts to the Library Department are welcome, but the proposed reduction of library hours from 41 hours per week to 36 hours per week is a particular hardship. If private donations cannot be found to cover the cost of those hours (\$0.6 million in FY2010 and \$1.3 million in FY2011), the City must reconfigure library hours to the times during which people use them most, especially evenings and weekends. With careful planning, it may be possible to improve library services for the community.

Park & Recreation: Street medians maintained with Gas Tax funds, which are not also included in a Maintenance Assessment District, are slated to have their turf removed and be mulched over. Those without turf will no longer be maintained or will be maintained less frequently. Before making this dramatic change in the appearance of numerous neighborhoods, the Park & Recreation Department should approach community members, businesses, and other stakeholders to give them an opportunity to volunteer to provide or pay for maintenance. I would be glad to help with this effort in District 1.

The Mayor's office proposes cutting the annual payment for the San Dieguito River Valley Joint Powers Authority (SDRVJPA) in FY 10 and eliminating it for FY11. If this happens, the

viability of the SDRV Park will be threatened. The vast majority (over 99%) of the City land managed by the SDRV JPA belongs to the Water Department. I am waiting for a City Attorney opinion on whether this cost could be transferred from the Park & Recreation Department to the Water Department, since it primarily benefits Water Department land. The cost was borne by the Water Department in years prior to FY10.

Many of the Mayor's proposed reductions trigger a meet and confer process with labor unions. The timeline and results of these meetings will have a large effect on the impact of these cuts. Council should request a full list of proposed reductions that require meet and confer, as well as regular progress updates on the meet and confer process.

Revenue Generating and Cost Recovery Recommendations

Since it is infeasible to institute most of the following revenue generating and cost recovery recommendations before January 1, 2010, they should be instituted before the FY2011 budget is revisited in April 2010.

1. Implement cost recovery fines for false fire alarms. We have requested false alarm call numbers from the Fire-Rescue Department.
2. Ensure fines for false police alarms are cost recoverable.
3. Resume charging cost recovery fees for business tax collection, if appropriate.
4. Increase nightclub-overcrowding fines to make inspections cost recoverable.
5. Collect the delinquent Development Services Department deposit accounts revealed by the recent Auditor's report.
6. Institute a program to charge user or reservation fees for the fire rings on the beach. Another approach would be to allow the sponsorship of the fire rings on specific beaches. The La Jolla Micro-BID has expressed interest in the past in sponsoring the fire rings at La Jolla Shores.
7. Seek corporate sponsors for vehicles, uniforms, park maintenance, street medians, etc. There is an outstanding proposal for sponsorship of Lifeguard vehicles that could save the City \$400,000. In particular, any funds received by Lifeguard Services through this arrangement should be allocated only to Lifeguard staffing or support.
8. Assure that special events comply with their City permits. In particular, some event sponsors significantly understate attendance and impacts of a special event to minimize the cost. Fees should cover the costs to the City for the event and comply with the existing rate structure. This would require monitoring the events and enforcing the

permit conditions. It could be done as a pilot program with the idea of full cost recovery for the events.

9. Work with the State on an agreement to provide cost recovery for lifeguard service at Torrey Pines Beach.
10. Work with Scripps Institution of Oceanography and UCSD on cost recovery for lifeguard protection at Scripps Beach north of Scripps Pier, and possibly Blacks Beach.
11. Work with local education facilities and universities to identify ways in which they can contribute toward the City services (e.g. fire-rescue, etc.) they receive. This would include public and private institutions.

Additional Cost Reduction Recommendations

1. Eliminate Executive Performance Pay in keeping with the Mayor's proposal.
2. All computers that do not have a specific need for Microsoft Office should have it replaced with Open Office.
3. Expand code enforcement volunteer training and the Community Enhancement Volunteer Programs. This needs to include follow-up by the Neighborhood Code Compliance Department (NCCD) and enforcement action as appropriate.

Cost-Benefit and Risk Analysis

Detailed cost-benefit analysis must be done for all cost cutting and revenue generating measures, and future budget modification proposals must include this analysis. In many instances, it may be advantageous for the City to maintain positions or programs that generate enough revenue to cover their costs or generate a net gain. In other instances, programs designed to generate revenue may be found to cost the City more than the revenue they generate. These programs must be uncovered and eliminated.

If a reduction in service could increase the City's legal liability, that risk must be stated and translated into a projected dollar amount. Some of the currently proposed cuts, such as reductions to tree maintenance, which could result in root damage to sidewalk, have the potential to result in huge legal settlements against the City. With that in mind, Council should request a list of all outstanding notifications the City has received of problems with inadequate maintenance, especially related to sidewalks. Obviously the future cannot be predicted, but an actuarial risk analysis would be a wise addition to all future budget adjustment proposals.

Councilmember Young
December 8, 2009
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Proceed Cautiously

I have not seen convincing evidence thus far that there is a compelling public benefit in approving the FY2011 budget now, as opposed to April. By waiting until April to approve the FY2011 budget, we will benefit from information about the effects of any January 1, 2010 reductions. This will also provide an opportunity for additional public input, as well as allow for a clearer picture of the City's fiscal situation.

I request that City departments be asked to provide Council with regular reports, starting well before April, on service level impacts from the changes implemented January 1, 2010. I would also like regular reports on cost recovery and revenue generation efforts, including those outlined above. Some revenue generating proposals require Council action in the form of new ordinances or resolutions. Hopefully an aggressive timeline can be used to assure these changes can occur in time to help our FY11 revenue projections.

cc: Honorable Mayor Sanders
Honorable Members of the City Council
Andrea Tevlin, Independent Budget Analyst
Jay Goldstone, Chief Operating Officer
Mary J. Lewis, Chief Financial Officer
Wally Hill, Assistant Chief Operating Officer
Nader Tirandazi, Financial Management Director
Department Directors